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CAPHA PHARMACEUTICALS INC. ANNOUNCES CLOSING OF SUBSCRIPTION RECEIPT OFFERING

Toronto, Ontario, December 27, 2017 – Capha Pharmaceuticals Inc. ("**Capha**" or the "**Corporation**") is pleased to announce that it has completed a non-brokered private placement offering of 12,350,000 subscription receipts of the Corporation (the "**Subscription Receipts**") at a price of \$0.05 per Subscription Receipt for aggregate gross proceeds of \$617,500 (the "**Subscription Funds**").

The Subscription Funds paid to the Corporation were deposited into escrow with an escrow agent pursuant to a subscription receipt agreement dated December 22, 2017 between the Company and such escrow agent. The Subscription Funds will be held in escrow until, among other things, the Company has received all required approvals including, without limitation, the conditional approval of the listing of the common shares of the Corporation (the "**Common Shares**") on the Canadian Securities Exchange (the "**Release Conditions**"). If the Release Conditions have not been satisfied on or before February 28, 2018, the Subscription Funds will be returned to the subscribers. Upon satisfaction of the Release Conditions, each Subscription Receipt will be automatically exchanged, without payment of any additional consideration or further action on the part of the subscriber, for one Common Share and one share purchase warrant of the Corporation (a "**Warrant**") and the Subscription Funds will be released to the Corporation. Each Warrant entitles the holders thereof to purchase one Common Share at an exercise price of \$0.10 per Common Share for two years from the date of issuance of the Warrants.

As previously announced, pursuant to the proposed business combination (the "**Transaction**") with Blockagram Inc. ("**Blockagram**"), the Corporation will issue Common Shares to the holder of common shares of Blockagram on the basis of one Common Share for each common share of Blockagram. The Transaction is an arm's length transaction.

About Blockagram

Blockagram is a blockchain developer with a primary focus on its marquee Blockagram™ platform, a blockchain platform which allows marketers to pay customers for their engagement. Via Blockagram™, consumers are automatically issued a user-friendly virtual wallet through which they receive payments for engaging with advertisers. Based on a proprietary advertisement-for-service solution, Blockagram™ also permits users to send cryptocurrency within the platform free of charge.

Further Information

Investors are cautioned that any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

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Forward Looking Information

This press release contains forward-looking statements and information that are based on the beliefs of management and reflect the Corporation's current expectations. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. The forward-looking statements and information in this press release includes information relating to the Transaction (including the structure of the Transaction) and the implementation of Blockagram's business plan. Such statements and information reflect the current view of the Corporation and Blockagram.

Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of Capha and Blockagram to control or predict, that may cause Blockagram and Capha's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out here in, including but not limited to: (i) risks and uncertainties related to the Transaction not being completed in the event that the conditions precedent thereto are not satisfied; (ii) the inherent risks involved in the cryptocurrency and general securities markets; (iii) uncertainties relating to the availability and costs of financing needed in the future; and (iii) the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, currency fluctuations; regulatory restrictions, liability, competition, loss of key employees and other related risks and uncertainties. The Corporation undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. newswire services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.